



The Basics of Saving and Investing: Investor Education 2020

Teaching students to save and invest



Investing knowledge true and false

✚ A financial plan is good to have no matter how little income you make.

✚ TRUE

✚ Investing is just for people with a lot of money.

✚ FALSE

✚ As a general rule, the greater the risk, the higher the potential rate of return.

✚ TRUE



Investing knowledge true and false

- ✚ The stock market will always go up.
- ✚ FALSE
- ✚ The earlier you start investing, the more money you can end up saving because of compound interest.
- ✚ TRUE
- ✚ People of all income levels and professions can be taken by investment fraud.
- ✚ TRUE



Why teach about investing?

- ✚ Give your students knowledge they will need in life.
 - ▣ Company pensions are becoming a thing of the past.
 - ▣ Social Security doesn't cover all needs.
 - ▣ Your students will be future investors.



Why teach about investing?

☀ Satisfy Kentucky Core Content areas in High School Practical Living/Vocational Studies.

- ❏ PS-HS-3.1.01 – Consumerism
- ❏ PS-HS-3.1.02 – Comparing products
- ❏ PS-HS-3.2.01 – Application of financial management practices



Time Value of Money

- ⦿ Who do you think earns more on their investment by age 65?
 - Someone who invests \$20,000 between ages 25 and 34 and then stops.
 - Someone who invests \$62,000 between ages 35 and 65.



Time Value of Money

- ✚ The first investor, who started early, earns more than \$525,000.
- ✚ The second investor, who waited until age 35 earns less than \$300,000.
- ✚ Time is your friend! Starting early takes advantage of compound interest.



Unit 1 – Getting Started

✚ Unit objectives:

- ▣ Discuss why people save and invest
- ▣ Learn how to think about financial decisions
- ▣ Understand key concepts of saving and investing (including time value of money)



Unit 2 – Introduction to Financial Markets

Unit objectives:

- Understand the relationship between risk and reward
- Learn about U.S. financial markets and investment products
- Explore conditions that affect market prices
- Grasp the extent and limits of government regulation of financial markets



Unit 3 – Making a Financial Plan

Unit objectives:

- Learn the benefits of financial planning
- Consider factors that go into financial planning and investment decisions
- Design a personal financial/investment plan
- Consider how to select a stockbroker or investment adviser



Unit 4 – Investment Fraud

Unit objectives:

- Understand how investment fraud works
- Learn the warning signs of scams
- Engage in a role-playing exercise to experience an actual fraudulent sales pitch
- Understand the duty to report scams
- Examine how regulators work to stop investment fraud and help victims



More about The Basics

✚ The Basics guide includes:

- ▣ Activities
- ▣ Worksheets
- ▣ Tests

✚ Make copies

✚ Print from

www.investorprotection.org/teach



Other resources

- ✚ Handout: Basics can supplement The Take Stock in Kentucky Stock Market Game
- ✚ Handout: Two Dozen Ways to Make Investing Basics Fun for Your Students



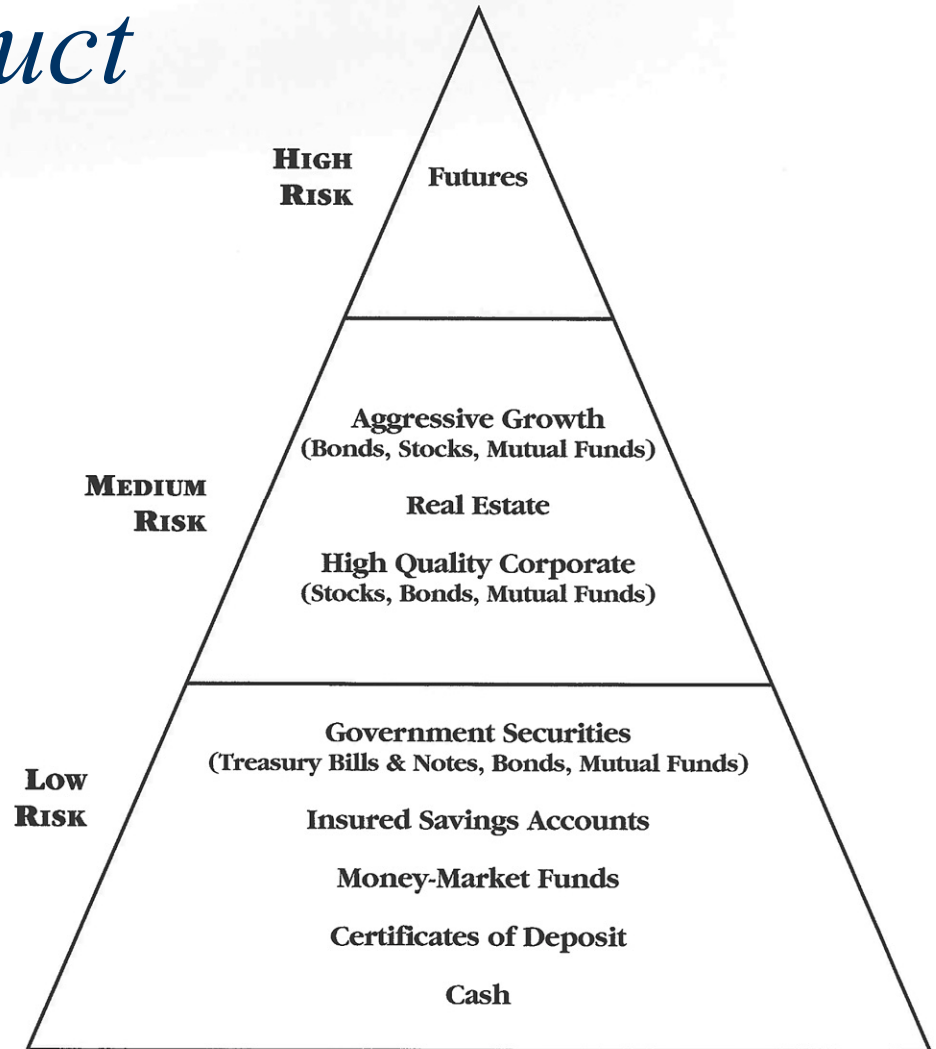
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- ✚ Information on DFI speaker programs:
- ✚ www.kfi.ky.gov/consumerinformation/edoutreach.htm



Investment Product Overview

PYRAMID OF INVESTMENT RISK



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Unit One
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descriptions –
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of Unit Two